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C O N F I D E N T I A L SECTION 01 OF 03 TAIPEI 000171

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SUBJECT: TAIPEI MAYOR HAU PREDICTS CLOSE PRESIDENTIAL RACE,
CRISIS FOR KMT IF MA DEFEATED

Classified By: Director Stephen M. Young, Reason(s): 1.4 (B/D).

¶1. (C) Summary: In a meeting with the Director on February 2, KMT Taipei mayor Hau Long-bin predicted Ma Ying-jeou will win the presidential election, but by a much smaller margin than the KMT landslide in the January 12 legislative elections. Ma must remain on the offensive to win, however, realizing that a presidential defeat will spell disaster for the KMT. The KMT will not need to boycott the UN referenda because voters are already uninterested in what they see as a "fake" issue, Hau suggested. The Ma campaign has been in touch with Beijing, mayoral advisor Prof. Zhuang Wen-si claimed without elaborating, securing PRC agreement to table controversial items like the "midline flight path" and problematic statements from the PRC Taiwan Affairs Office. The Taipei mayoral office will do "whatever is necessary" to help make the AIT new office building a reality, promised Hau. End Summary.

¶2. (C) The Director met with KMT Taipei mayor Hau Long-bin on February 2. Mayoral adviser Prof. Zhuang Wen-si of National Taiwan University also attended the meeting.

No Realignment in Favor of KMT

¶2. (C) The KMT should "thank" President Chen and his outspoken Education Minister Tu Cheng-sheng for its landslide victory in the January 12 Legislative Yuan (LY) elections, Hau remarked. Chen's campaign to rename the Chiang Kai-shek (CKS) Memorial may have energized the DPP's deep-Green base, he continued, but it also energized the deep-Blue protest vote. More importantly, Hau added, the DPP's divisive campaign tactics alienated "swing" voters, who ended up supporting KMT candidates. The January 12 "party vote," which broke more closely between the DPP and KMT than the division of LY district seats between the two parties, proves there has been no "realignment" in Taiwan politics, argued Hau. Ma will win the presidential election, he predicted, but by a much closer margin.

Ma Mustn't Be Too Cautious

¶4. (C) Ma will run the risk of losing the election if he is "too cautious" in the closing weeks of the race, opined Hau.

In both the 2000 and 2004 elections, he continued, KMT presidential candidate Lien Chan let Chen dictate the campaign agenda. Lien fought back feebly, and ultimately lost the race despite a twenty-point lead just two months before the election. Ma must maintain an "offensive" campaign throughout the race if he is to win, concluded Hau. If Ma is too aggressive, asked the Director, would he come across as arrogant? While the DPP hopes to convince voters that an arrogant, too-powerful KMT would "sell out" Taiwan to the PRC, replied Hau, most voters disregard these accusations, so Ma risks little by hitting back.

Presidential Loss Worse for KMT

15. (C) A presidential defeat will have dire repercussions for the losing party, predicted Hau. If the DPP loses, they will have little political leverage, after winning less than a third of the LY. If the KMT cannot win with favorite-son Ma as its candidate, Hau continued, the KMT might not be able to retake power for "another twenty years." The KMT has failed to cultivate its next generation of leaders, Hau continued. No one younger than 50 has risen to the party's senior ranks, and no one at that level now is considered a viable presidential candidate. If DPP presidential candidate Frank Hsieh (Chang-ting) were to lose, however, his vice presidential running mate Su Tseng-chang could lead the DPP and would be able to launch a strong campaign against Ma in 2012.

Retired Chen a Problem for Successor

16. (C) The Director asked Hau what role President Chen might

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take after stepping down in May, noting that Chen would be twenty years younger than former president Lee Teng-hui was when he retired in 2000. Hau replied that Chen would be a "difficult decision" for the next president, whoever that is.

Ma will be under enormous pressure from the Blue camp to prosecute Chen, and Chen loyalists within the DPP would pressure a President Hsieh to pardon him. In dealing with Chen, Hau continued, the future president must exercise great wisdom and tact; otherwise, inter-party hostility could intensify, and the office of the presidency itself could be harmed. In response to Hau's inquiry, the Director flatly ruled out the existence of any asylum discussions between Chen and the U.S., noting that such dealings would contradict the U.S.'s core democratic values.

Both Parties Laying Low

17. (C) Before the March 22 election, predicted Hau, neither the DPP or KMT will want to rekindle controversies like the Chiang Kai-shek Memorial renaming, because both have been chastened by the public's rejection of such tactics in the LY elections. According to Hau, Ma's campaign team is more concerned about what Chen and the DPP might do in the time between the presidential election and the inauguration on May 20. If the DPP does stage some kind of protest, Hau worried, it will most likely happen in Taipei. Hau also expressed concern that Chen might refuse to step down if Hsieh is defeated. The Director expressed confidence that Taiwan's democratic institutions are strong enough to ensure a smooth transition to the next president.

Changing Beijing's Priorities Not Easy

18. (C) Taiwan's next president must work to restore U.S.-Taiwan relations, which have been damaged by the UN referendum controversy, the Director stressed. At the same time, he continued, the U.S. has urged China to adopt a more cooperative, less hostile approach toward Taiwan. China

relentlessly pressures Taiwan's international "living space," added Hau, taking any opportunity, no matter how small, to humiliate Taiwan. The PRC must adopt a more flexible attitude if cross-Straits relations are to improve under Taiwan's next president, replied the Director. If Ma is elected, Hau agreed, this will only happen if Ma can convince the PRC Foreign Ministry to measure success in terms of improving relations with Taiwan, instead of further reducing the dwindling number of Taiwan's diplomatic allies.

No Boycott Necessary

¶9. (C) The KMT will not urge a boycott of the UN referendum because it won't need to, Hau predicted. The voting public now understands that UN membership for Taiwan is a "fake issue" created by the DPP to drum up voter support. The LY election referendum failed miserably, Hau added, with only one-tenth of KMT and two-fifths of DPP voters participating. The "one-step/two-step" controversy which preceded the LY election will also not be a problem this time around, Hau continued, since the "compromise" procedure worked without a hitch. Perhaps most importantly, Prof. Zhuang noted, Beijing has learned from past mistakes, and has muted its opposition to the referendum. According to Zhuang, intermediaries from the Ma campaign have also been in quiet discussions with Beijing, securing PRC agreement to table the controversial "midline flight path" proposal and to cancel a Taiwan Affairs Office conference which might have generated unhelpful statements against Taiwan.

Taipei Mayor Backs NOB

¶10. (C) In closing, the Director complimented the Taipei Department of Urban Planning for reaching an acceptable resolution to the question of a rear access road for the new AIT office building (NOB). The Administration has approved the NOB construction budget, he continued, which now must pass Congress. If all goes well, groundbreaking on the NOB

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site could happen within a year, and construction of the NOB could be completed within five years. Hau stated he was eager to stand alongside the Director at a future groundbreaking ceremony, and that his office would do "whatever is necessary" to help make the NOB a reality.

Comment

¶11. (C) A former New Party member and son of an old-line KMT military leader, Hau can be outspoken about pan-Blue matters, as today's conversation demonstrates. For example, Ma and his advisers have consistently denied the sort of intermediary contacts with Beijing that Hau alleged in our meeting. The truth, we suspect, may be in between.
YOUNG